

Treasury Brings Money Home

One story of particular interest is the \$1.1 million recently located by the State Treasurer. This money has taken a long and tenuous path that started back in 1976. These funds represent the former accounts of depositors to the failed Bankers' Trust Depositors' Savings S&L. This S&L become insolvent in 1976 leaving thousands of Mississippians shocked and frustrated.

This money has traveled thousands of miles and taken many paths before being found and brought to the Mississippi Treasury. Over 14,000 people who were issued 500 shares or less for their deposits constitute the beneficiaries. These funds will remain with the state of Mississippi until claimed by the rightful owner.

"These funds have traveled many miles over the past two decades. The time has come to return this money to the rightful owners here in Mississippi," said Treasurer Bennett. "We are ready to bring this chapter of our history to a close," Bennett ended.

Inquiries and more detailed information about the story of this money can be found on the worldwide web at www.treasury.state.ms.us, or by writing the Mississippi Treasury/Unclaimed Properties Division, P.O. Box 138, Jackson MS 39205.

Unclaimed Properties National Reputation is for Good Reason

The Mississippi Treasury's Unclaimed Properties Division remains a national leader when it comes to finding and returning assets belonging to Mississippians. 1997 not only saw this division keep pace with its past

accomplishments, but continue to set new records in recovering property that belongs to Mississippians. The facts are substantial for 1997:
Total Assets Received \$9,034,048.70
Total Assets Returned \$2,060,000.00

Mississippi Treasury to Assist Holocaust Survivors/Families Find Money Deadline for Filing is March 31, 1998

State Treasurer Marshall Bennett recently announced that the Mississippi Treasury has been notified on how Mississippians can recover assets deposited in Swiss banks prior to and during the Second World War. Recent revelations about Holocaust survivors, and the families of survivors or victims, having unreturned assets in Swiss banks has prompted this offer of assistance.

Anyone with reason to believe that assets belonging to them or their ancestors are currently being held by Swiss banks can receive assistance by calling one of the two national processing agents:
1.) All banking accounts questions call Ernst and Young at 1-800-662-7708.
2.) All other assets (insurance policies, safe-deposit boxes, etc.) call the New York Banking Commission at 1-800-695-3318.

Treasury Notes is published four times a year by the Mississippi Treasury
For copies of Treasury Notes write to:
Marshall Bennett • Treasurer of Mississippi • P. O. Box 138 • Jackson, MS 39205
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TREASURY NOTES



Newsletter From State Treasurer

MARSHALL BENNETT

December, 1997

Bennett Calls for Vision and Future use of Tobacco Money

The question I hear the most these days is, "What about the tobacco money?" That really is the \$3.4 billion question. Mississippi is in an enviable position when compared to the national efforts to settle with tobacco interests. No action will be taken on the federal level this year toward approval of the \$368 billion agreement between state attorney generals and tobacco companies to settle 40 state lawsuits and 17 class action suits brought by smokers.

"...provisions for prudent allocation and safekeeping should be made during the coming months."

Mississippi negotiated a \$3.366 billion settlement over the next 20 years in a separate agreement already approved. The first payment of \$170 million is being held in an escrow banking account, awaiting a ruling from chancery court on allocation of the money. The court is expected to order that the money be used for health care, anti-smoking and youth smoking prevention/education programs.

Ultimately, the State Legislature will probably be responsible for appropriating the money. Although the funds are not in the state treasury at this time, provisions for prudent allocation and safekeeping should be made during the coming months.

Ideas about how to spend this money are as numerous as fleas on a hound dog. One fact stands alone – a unique opportunity exists to

provide real and lasting benefits to the people of Mississippi. I have requested Mississippi's Legislature consider setting aside at least \$50 million each year from the tobacco settlement to fund a permanent trust. Invested wisely, the annual contribution could quickly grow to a \$1- \$2 billion permanent trust, paying yearly dividends of \$100-\$200 million which could be used forever.



State Treasurer Marshall Bennett discusses the recent tobacco windfall with the Legislative Budget Committee.

"...a unique opportunity exists to provide real and lasting benefits to the people of Mississippi."

We have developed several scenarios for investment of the funds. The asset allocation was assumed to be 65 percent equities and 35 percent fixed income. Contributions to the plan were assumed to be \$50 million annually totaling \$1 billion over 20

years. Under the reinvestment scenario, payouts at the treasury rate are reinvested in the fund each year.

The bottom line of taking this course of action is profound. Imagine providing health care for our children, forever. Did you know that 62.5 percent of all Mississippi's children live in families that are near or below the poverty level and over 55,000 are preschoolers? An estimated 156,000 of our under 18 population are uninsured. The current cost for decent medical care for a child to adulthood is estimated at \$18,000. Taxpayer savings could be phenomenal.

"What about the tobacco money?" Well, properly invested, funds from this settlement could provide a healthier and better quality of life for all Mississippians, forever.

MPACT to Pay \$57 Million in Tuition to Mississippi's Universities and Colleges

Armed with balloons, banners and the best of causes, the Mississippi Prepaid Affordable College Tuition Program (MPACT) was officially launched in February, 1997. Through MPACT, Mississippi parents and grandparents may now pay in advance some of the costs associated with higher education, such as tuition and mandatory fees. When we consider the mission of the initial offering campaign, to educate and inform Mississippians about this new college savings program, the 1997 enrollment period was enormously successful.

To date, over 8300 student beneficiaries have applied for enrollment in the MPACT Program. More than \$24 million has already been paid into the MPACT Fund, representing more than \$57 million in eventual payments over the coming years as students begin to

enter college. Most of the contracts received were for a full four years of college, with 61% for four year universities. Another 23% of the contracts were for two years at a community college followed by two years at a university.

More than 36% of the contracts came from the Metro Jackson area, followed by 10% coming from the Gulfport and 6% from the Hattiesburg area.

12 % of the MPACT contracts are from grandparents, with 79% from parents. Nearly 30% of those enrolled came from households with \$50 - \$79,000 in annual income.

Created by the Mississippi Legislature in 1996, MPACT is administered by the State



Jackson Casey Elementary school children were delighted to host the 1997 MPACT Fall Enrollment campaign kick-off.

Treasury Department under the direction of a nine-member Board of Directors. Backed with the full guarantee of the State of Mississippi, the program is valid at all public and private colleges or universities whether in-state or out-of-state.

The Jackson office of Deloitte & Touche, LLP, was selected as auditors of the program. An actuarial evaluation of the MPACT Program was performed by the national

accounting firm Coopers & Lybrand, LLP. Copies of their evaluation of the MPACT Trust Fund are available to the public upon request.

The next MPACT enrollment period is scheduled for the fall of 1998.

Taxes...the Outlook Continues to Improve

Treasurer Bennett has been working with the Mississippi Congressional Delegation for more favorable tax treatment of prepaid tuition contracts. MPACT tax benefits presently in place are as follows:

Federal - Payments of benefits by MPACT to the college or university attended by the student will qualify for the new HOPE education tax credit of \$1,500 per child for the first two years and \$1,000 in subsequent years.

Federal - Earnings on the value of MPACT contracts will be tax-deferred until the student attends college.

Federal - Gift and estate tax treatment of MPACT makes a contract a completed gift to the beneficiary and eligible for the annual gift tax exclusion limit which is currently \$10,000 per individual or \$20,000 per married couple.

Mississippi - Payments to an MPACT contract are tax deductible.

Mississippi - Interest earnings from a contract are tax exempt.



Cake and balloons topped off the Fall Enrollment celebration.

Second Highest Investment Earnings in History

“Extraordinary performance” continues to be the phrase of choice in banking and investment circles around the United State when discussing the financial condition of Mississippi. With interest earnings for fiscal year 1997 totaling \$117,575,938, the second highest earnings in history have been posted. On June 30, 1997, the Treasury had the largest fiscal year end

investments balance ever recorded, a total of \$2,259,110,602.00.

“Despite lower interest rates and lower invested balances over FY 1997, we finished the year strong and remain postured to accomplish many needed projects and provide tax relief,” according to Treasurer Marshall Bennett.

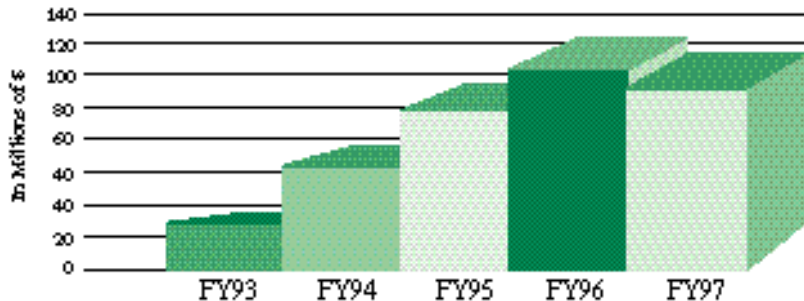
These impressive investment earnings were the result of a balanced

investment portfolio. The Mississippi Treasury investment mix is in line with both state statute (Sect. 27-105-33) and conservative fiscal philosophy. “The funds of Mississippi’s taxpayers are not invested in any risky or unusual investment vehicles, such as futures or options derivatives,” adds Treasurer Bennett.

State Treasurer to Chair National Association

Mississippi is considered front runner when it comes to prepaid college tuition programs. All 50 states either have a plan in place, they are introducing legislation for a plan or studying the feasibility of one. And, Mississippi leads the way.

This leadership was recognized at a recent College Savings Plan Network (CSPN) meeting when Mississippi’s Treasurer Marshall Bennett was elected chairman of the group for 1998. This chairmanship will be held during an important year, as the majority of states will be either creating a savings program or administering the early stages of one. We congratulate Treasurer Bennett for his appointment to the helm of this national organization.



Fiscal Year End	Investment Earnings	Net Ending Balance
June 30, 1997	\$117,514,938	\$2,259,110,602
June 30, 1996	121,669,271	2,102,721,448
June 30, 1995	83,673,011	2,031,145,512
June 30, 1994	35,127,547	1,557,024,919
June 30, 1993	26,607,543	1,055,852,171